

Getting Past Economic Illiteracy: encouragement for pastoral leaders **By Mark L. Vincent**

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Although I passed my high school accounting class and am the son of a financial planner, my preparation to watch over the economy of a congregation was meagre. Nothing in my college, graduate school or seminary training required it. None of my mentors offered perspective. I entered the pastorate bereft of financial management skill beyond reading a balance sheet and comparing expense to income. In no way could I create an economic outlook, develop an organizational dashboard, appreciate a narrative spending plan, or manage a congregation on its *income* rather than its expenses.

This story repeats itself in many pastors' lives in nearly all North American denominational traditions. Many pastors begrudge involvement in the economic aspects of congregational life. Other pastors are like I was—minimal skill—perhaps enough to be dangerous, yet afraid to offer any real leadership. Only a few pastors grow beyond economic illiteracy. Usually it is because they are self-taught or once served in another career that developed their savvy.

Lamenting that pastors struggle to understand economic aspects of congregational life does not make the case it is important, however. Why make such a big deal about it? Perhaps the biggest reason is that Jesus describes money as a chief competitor with God for human affection (Luke 16:13). Neither should pastors overlook the apostle Paul's instructions for a pastor to speak directly to those who are rich, offering perspective on how to think about their riches as people belonging to God (1 Timothy 6:17-19). Pastors cannot live in the tradition of Jesus and Paul if they remain intentionally economically illiterate.

My journey toward greater economic literacy began with a search for better decision-making methods for my congregation. I had (to put it mildly) become disgusted with the informal process of the congregation trumping the formal process. Our board meetings kept being undone afterwards in the church parking lot and in board members' bedrooms. I knew that informal process could not entirely disappear, and that it could even be used productively when brought in alignment with the congregation's official structures. It just was not working that way at the time.

My search led me to consider Jesuit, Anabaptist and Quaker discernment traditions. These, and material from the findings of the Harvard Negotiation Project, grew into a methodology and training regimen called *The Art of Agreement* I have used in many places to help congregations and organizations move beyond parliamentary procedure and into spiritual and relational discernment. Here is what I discovered after using these methods time and again to help congregations get past their besetting issues: ***Money and failure to understand how it works is at the heart of most congregational conflicts.*** And if money is not at the heart, it is nearby. To be of help I needed more than good discernment tools. I needed economic literacy.

Here are three illustrations:

1. Congregation A discovers a contemporary worship service would help it retain young adults and younger families. But, because it does not wish to offend those who loudly dissent, the contemporary option is not pursued. Why? Because the dissenters are the congregation's major contributors.
2. Expenses for congregation B are \$2,000 more per month than its income. This has been happening for more than six months. At this rate, reserves will last for only ten more months. Congregational leaders regularly discuss a perceived lack of generosity among new attenders and younger members, along with the fixed incomes of the older members. No-one consults the list of

giving envelopes to create a picture of who is giving what,¹ or offers options of what might be pursued to bring expense in line with income.

3. Congregation C has a shortfall in giving during August because so many members are travelling. There simply is not enough money to make payroll. A check is written for payroll from designated fund accounts with the intention to replace that money in a subsequent month.

Congregation A is struggling with worship issues, but fear of income loss is attached at the hip. Congregation B says it wants to understand the reason for its out of balance budget, but does not want to look at the information that accurately diagnoses its condition, or offers a way through the difficulty. Congregation C has a problem with ethics, and its economic illiteracy brings it to the surface. Pastors like me have to come to terms with the fact that prayers for guidance in these scenarios need to be accompanied by use of the guidance that already exists. Understanding money, how it works, and how it can be managed is necessary to continue leading the church as a partner in God's enterprise.

But what if you don't feel money savvy? What if you find this subject difficult to master? Are you really expected to become a Wall Street whiz in addition to mastering theology?

A helpful response comes from thinking about how one searches the web. I don't know how Google works. I don't know much about the programming architecture that distinguishes its search feature from that of Microsoft or Yahoo. That does not stop me, though, from benefitting as I search all three of them for information. It would be ridiculous to avoid web searches and to stay rooted in my old set of encyclopedias simply because I know everything about the printing process. Instead, I use technology beyond my understanding to gain information that helps me do my work.

¹ Creating such a picture can be done while preserving anonymity. Some use giving envelop numbers. Other congregations work with ranges, identifying the number of households giving \$0-50, \$51-100, \$101-200 per month and upward.

In a similar way, I don't need to know accounting methods and financial reporting nearly as much as I need to make use of the distilled information to lead a congregation well. I need literacy in what the information tells me, not in how the reports are prepared.

As a pastor, you and your relevant staff, board members and volunteers benefit by having answers for the following questions:

- What is the size and scope of the congregation's economy? A balance sheet paired with an income statement provides this answer.²
- What are the funding flows and at what rate do they flow? Many congregations expect income to flow at the rate of 1/12 per month. Money simply does not flow this way. Congregations do better to recognize that the time of year and the number of Sundays in a month have an impact on income. They can then plan accordingly.
- At what rate is renewable funding increasing? What is the ratio of renewable to nonrenewable funding? An example of renewable income is contributions from a donor's regular income. An example of non-renewable income is an estate gift that does not go into an endowment but is used for operational expense. Non-renewable income that grows faster than renewable income is a sign of an aging and declining donor base.
- What is the congregation's daily, weekly and monthly operational cost?
- What is the percentage of income the congregation is committed to use for developing new levels of generosity among the members?
- What are the ratios of income intentionally distributed to the congregation's own firstfruits giving, its staff expense, and to program and the facilities that house them?
- How will the congregation develop new program initiatives? Will it swap out non-productive program, or does it increase the resource base to cover the new costs?

² The balance sheet needs to include real estate holdings and other illiquid assets. A good income statement takes into account a three year history of giving, the number of giving units providing it, and whether the trend line is up or down.

Design For Ministry™, the place I work, spends a lot of time helping clients find answers to these questions because they made strategic decisions without considering the economic foundation and implications. Our attention to this detail and the recommendation that pastors become more economically literate does not mean we recommend money over ministry. We do not believe the monetary bottom line outranks faith in Divine provision. Instead, we advocate that one should count and track that Divine provision, managing it well, renewing it, preparing the congregation for what it faces next.

It is time we pastors stop excusing intentional economic illiteracy as if it were a mark of one's piety.